

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6782-01  
Bill No.: HB 2693  
Subject: Education, Elementary and Secondary; Education, Higher  
Type: Original  
Date: April 11, 2016

---

Bill Summary: This proposal allows nonpublic school students to receive reimbursement of higher education costs through the A+ schools program.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	\$0	(\$1,820,772)	(\$3,824,118)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>(\$1,820,772)</b>	<b>(\$3,824,118)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on All Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- ☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

In response to similar legislation filed this year, HB 1383, officials at the **Department of Higher Education (DHE)** assumed this proposal would open the A+ program to Missouri high school graduates from a private institution. Based on information from the National Center for Education Statistics, it is estimated that private Missouri high schools graduated 7,530 students during the 2010 - 2011 academic year. Again, it is assumed that number of graduates will remain constant during the scope of this estimate.

Since the student eligibility provisions contained in the proposal are nearly identical to those currently required for participation, it is assumed these statutory changes would have no impact on the cost. Additionally, since the impact of the change to a "last dollar" aid program is unknown, that change is not reflected in the cost projections.

Based on the DHE experience with administration of the A+ scholarship program, it is assumed that, once fully implemented, approximately half of the graduating class would be eligible to participate in the A+ program. Of those that are eligible, it is assumed approximately one-third would actually receive a payment under the program. Cost estimates are based on the average award during the 2014-2015 academic year of \$2,533 per student. The average award is then inflated by five percent annually to reflect projected tuition and fee increases during the intervening years.

Because this legislation would not be enacted until after the end of the current academic year, it is assumed no students in the private high schools would be able to gain eligibility for the program during the first year of the estimate (FY 2017). In FY 2018, it is assumed only one-quarter of the graduating class would be eligible and that one third of those would receive a payment. The inflated average award would be \$2,932 for FY 2018. At private high schools the cost would be \$1,820,772.  $(7,530 * .25 = 1,882 * .33 = 621 * \$2,932 = \$1,820,772)$

ASSUMPTION (continued)

For FY 2019, we assume the programs would be fully functional. The inflated average award would be \$3,079. For private high school graduates, the cost would be \$3,824,118 ( $7,530 * .50 = 3,765 * .33 = 1,242 * \$3,079 = \$3,824,118$ ).

**Oversight** notes that the A+ Program provides tuition reimbursements to eligible graduates of designated high schools to attend public community colleges, public vocational or technical schools or private two year vocational or technical schools that meet certain criteria. There are 533 designated high schools. The actual expenditures for the last three fiscal years has been \$28,840,018 in FY 2013, \$32,248,624 in FY 2014 and \$33,564,303 in FY 2015.

Table 1- Total First Time A+ Eligible High School Graduates

	FY 2013		FY 2014		FY 2015	
	Students	Total Grants	Students	Total Grants	Students	Total Grants
Public 2 Year	7,036	\$16,238,840	7,575	\$18,504,138	7,581	\$18,896,142
Area Technical	236	\$952,292	130	\$465,591	146	\$514,246
Private 2 Year	36	\$133,290	41	\$144,279	53	\$192,906
Total First Time Recipients	7,308	\$17,324,422	7,746	\$19,114,008	7,780	\$19,603,294

Source: Department of Higher Education

**Oversight** notes that the A+ program was transferred from the Department of Elementary and Secondary Education to the Department of Higher Education. Oversight assumes Department of Elementary and Secondary Education would not have a fiscal impact from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
<b>GENERAL REVENUE</b>			
<u>Costs - Dept of Higher Education</u>			
Expansion of the A+ Scholarships	<u>\$0</u>	<u>(\$1,820,772)</u>	<u>(\$3,824,118)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0</u></b>	<b><u>(\$1,820,772)</u></b>	<b><u>(\$3,824,118)</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2017 (10 Mo.)	 FY 2018	 FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

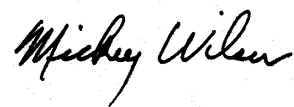
FISCAL DESCRIPTION

This bill allows a qualifying student of a nonpublic school to be eligible for reimbursement of post secondary education through the A+ program, as specified in the bill.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Department of Higher Education



Mickey Wilson, CPA

Ross Strobe

L.R. No. 6782-01  
Bill No. HB 2693  
Page 6 of 6  
April 11, 2016

Director  
April 11, 2016

Assistant Director  
April 11, 2016